

Technical Assistance

TAR: UZB 37691

Technical Assistance to the Republic of Uzbekistan for a Transport Sector Strategy (2006-2020) (Financed by the Japan Special Fund)

October 2005

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 August 2005)

Currency Unit	–	sum (SUM)
SUM1.00	=	\$0.0008872
\$1.00	=	SUM1,127.03

ABBREVIATIONS

ADB	–	Asian Development Bank
CIF	–	cost, insurance, freight
EBRD	–	European Bank for Reconstruction and Development
EU	–	European Union
FOB	–	free on board
GDP	–	gross domestic product
JBIC	–	Japan Bank for International Cooperation
SOE	–	state-owned enterprise
SWOT	–	strengths, weaknesses, opportunities, threats
TA	–	technical assistance
UATTC	–	Uzbek Association of Transport and Transport Communication
UHY	–	Uzbekistan Havo Yullari
UTY	–	Uzbekistan Temir Yullari (Uzbekistan Railways)

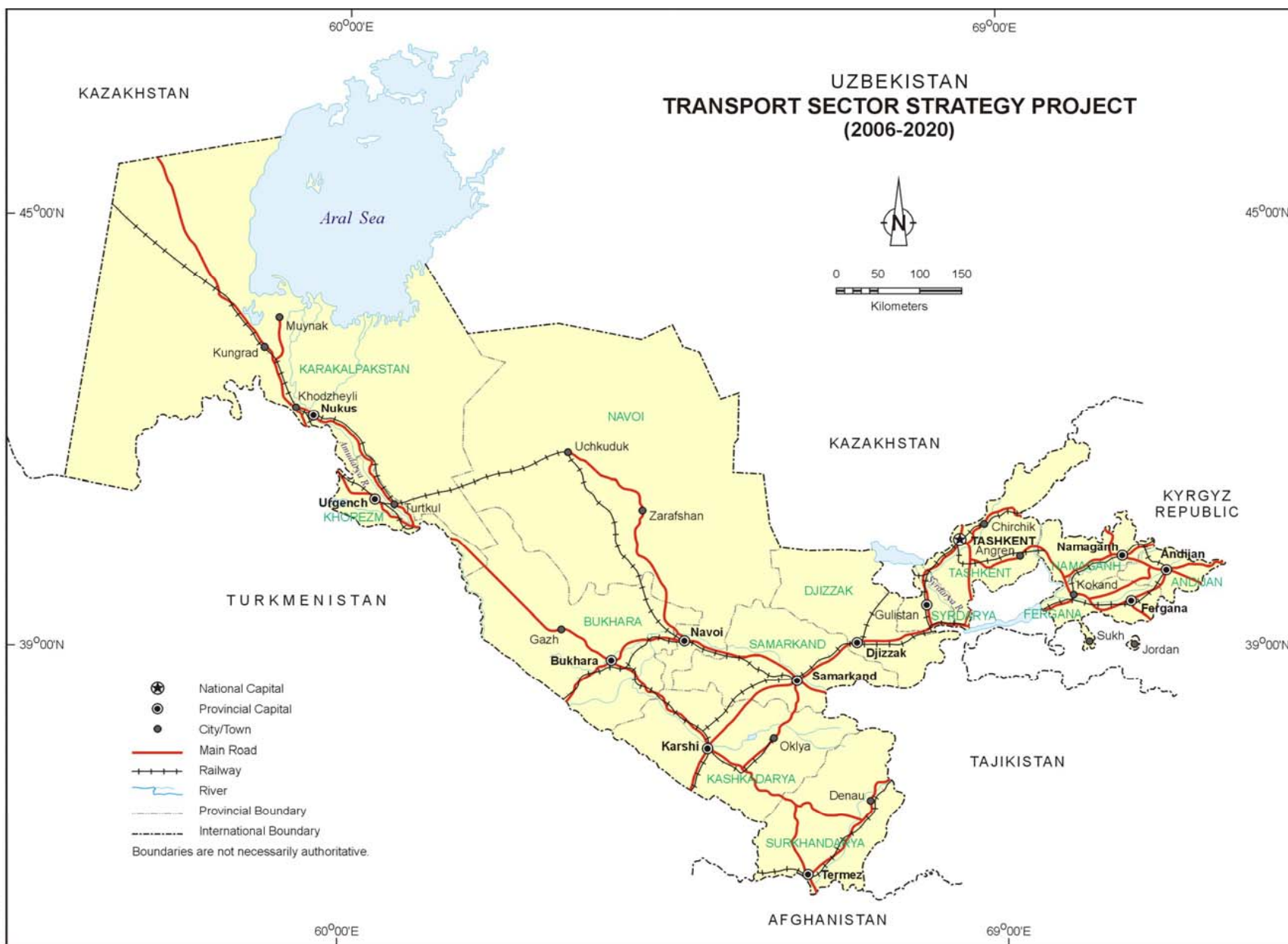
TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Transportation and communication
Subsector	–	Multimodal transport and sector development
Theme	–	Sustainable economic growth
Subtheme	–	Promoting economic efficiency and enabling markets

NOTES

- (i) The fiscal year of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Government of the Republic of Uzbekistan has requested technical assistance (TA) from the Asian Development Bank (ADB) to prepare the transport sector development strategy (2006–2020). The TA¹ is included in the Country Strategy and Program Update 2004–2006 for Uzbekistan. The Fact-Finding Mission visited Uzbekistan in April 2005 to formulate the TA and reached agreement with the Government on the objectives, scope, cost estimates, financing plan, implementation arrangements, and terms of reference for consultants. The design and monitoring framework is in Appendix 1.

II. ISSUES

2. Uzbekistan is a historical land bridge between east and west (from the People's Republic of China to Europe), as well as north and south (from Russian Federation, Kazakhstan, and the Baltics to the Indian Ocean and Persian Gulf). Transport links, which were developed focusing on the north towards Russian Federation, must now be updated to meet Uzbekistan's political and economic requirements. After several years of decline in the volume of transportation flow, recovery is now well underway in Uzbekistan. This has had a positive impact on trade and transport activities. Gross domestic product (GDP) grew by 7.7% in 2004. In terms of value, foreign trade has grown by about 3% to 4% per year since 1997 and exports are much higher than imports.² Uzbekistan is a key player in regional transport, carrying not only its own trade but also considerable volumes of Central Asia transit traffic. Recent forecasts suggest that, on much of the transport network, short-term annual growth will be about 2–3% for rail freight traffic and 4–7% for road traffic. Reflecting the reorientation of trade patterns, and development of industry and local resources, transport bottlenecks are expected to occur in the short to medium term. Such bottlenecks will inhibit economic growth, if not removed. Therefore, development of transport networks and infrastructure is critical to achieve efficient transport and transit systems in Uzbekistan and the region, to promote economic development and integration into international commerce.

3. Uzbekistan is a focal point for international transit trade in the east-west (People's Republic of China, Central Asia, and Europe) and north-south (from Russian Federation, to South Asia and Iran). It is signatory to a number of bilateral and multilateral agreements with neighboring countries and international organizations for facilitating international transport through the country.

4. Uzbekistan's road system comprises 43,500 km of major highways and 141,300 km of other roads. It provides connections to all provinces, communities, and neighboring countries. The role of road transport in the national economy is increasing. However, the design capacity of roads is limited and the deteriorating quality of physical assets is of major concern. The key problems facing Uzbekistan's road transport system are (i) lack of good quality roads connecting production centers, markets and providing access to ports; (ii) poor and deteriorating infrastructure, including road-side services, and telecommunication facilities; (iii) inadequate construction quality; (iv) lack of safety awareness, (v) incomplete legal framework, lack of common standards, nonconformity with international standards, international road permit quotas which restrict competition, lack of level playing field for transport services, road user charges unrelated to road use cost, excessive discriminatory transit fees, and inadequate access to transport by private sector; and (vi) (for regional traffic) inefficient border controls due to

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 15 February 2005.

² In 2004, total exports were \$4,263 million on a free on board (fob) basis and total imports were \$3,061 million on a cost, insurance, freight (cif) basis.

excessive bureaucratic requirements, excessive road-side checks, ineffective vehicle weighing and loads, controls not based on international best practices and international conventions, and poorly equipped border posts.

5. The length of the rail network is 3,993 km and its density (about 9 km per 1,000 square km of land) is higher than any of the neighboring countries. International transport—both export and import—is overwhelmingly by rail, accounting for over 88% of exports (2003) and 80% of imports (2003). However, railway infrastructure needs major investment as it has deteriorated substantially. The key issues affecting the rail transport system are (i) lack of competition in supply of railway services, lack of management information tools, obsolete rolling stock, and outdated internal telecommunications technology; (ii) lack of modern technologies and marketing initiatives; (iii) numerous obstacles to cross-border procedures—such as frequent changes of locomotives on the borders, time-consuming border formalities, complicated documentation requirements at borders, and inter-railway payment delays, resulting from the breakdown of the former railway network system; and (iv) tariffs that do not separate movement and terminal costs, lack of convenient billing systems, and lack of consignment information for shippers.

6. Uzbekistan—a strategically located, doubly landlocked country—has huge potential for growth in air traffic. It could be developed as a major regional air transportation hub for both freight and passengers. The major issues affecting the air transport system are modernization, tariff policies, institutional development, provision of improved services, and attracting investment.

7. The major issues affecting the urban transport system are lack of integrated urban transport planning and resource constraints, which restrict much-needed rehabilitation and expansion necessary to overcome traffic congestion and pollution.

8. Transport-related ancillary services (including freight forwarders) are provided by various private sector transport and forwarders' organizations. Privatization is high on the Government's reform agenda for the transport sector. Although state-owned enterprises (SOEs)—railways and airlines—are corporatized as joint stock companies and the Government has introduced a number of measures to separate regulatory and commercial functions in the transport sector, the Government is seeking further ADB support to fast-track this process. This will promote greater private sector involvement, including investments in transport infrastructure.

9. Steady economic growth and the importance of transport in Uzbekistan's economic development have led the Government to request ADB assistance to develop a transport sector strategy. Based on discussion with various stakeholders, the three focus areas expected to drive national economic growth in the next 10 to 15 years are international trade, transit, and tourism—all of which are dependent on an efficient and developed transport system. Therefore, it is essential to develop transport infrastructure and provide an enabling environment to achieve economic growth.

10. Since 1996, ADB has provided support for lending and nonlending activities in the transport sector, including project preparatory TA studies, and TA studies for policy reform

in the road and railway sector.³ Other development partners are also assisting the transport sector in Uzbekistan, including the World Bank, Japan Bank for International Cooperation (JBIC), European Bank for Reconstruction and Development (EBRD), and European Union (EU). The World Bank has financed the Urban Transport Project, which aims to develop efficient and sustainable urban passenger transport services in Almalyk, Bukhara, Namangan, Nukus, and Samarkand. JBIC has financed the Railway Passenger Transportation Improvement Project, which set up repair facilities for passenger coaches and supplied new coaches to Uzbekistan Railways (UTY). A second JBIC project is setting up repair facilities for electric locomotives. The EU-funded Europe-Caucasus-Asia Transport Corridor program has undertaken a study of railway electrification, telecommunications, and management information systems. EBRD has financed procurement of electric locomotives and the modernization of diesel electric locomotives.⁴ ADB worked with EBRD on developing a comprehensive reform framework and capital investment strategy for the railway sector. Although a number of investment projects have been undertaken, no comprehensive sector strategy/assessment has been carried out for Uzbekistan's transport sector. The World Bank, EBRD, and JBIC have also expressed support for a comprehensive sector assessment.

11. The proposed transport sector study would review the current status of the transport sector at the national and regional level, and develop short-term (2006–2010), medium-term (2011–2015) and long-term (2016–2020) plans for transport sector development in Uzbekistan. The study will examine (i) rural, urban, and intercity transport (national level); and (ii) regional corridors with neighboring countries and development of the east-west and north-south international corridors (regional level). The study will analyze the complementarity of different modes of transport and recommend measures to enhance multimodal transport development and freight forwarding activity in Uzbekistan. It will undertake or analyze (i) strengths, weaknesses, opportunities and threats (SWOT) analysis for each mode; (ii) lessons learned; and (iii) international experience in similar economies. These will inform the preparation of an investment plan and recommendations for policy, institutional, reform, legal, and other measures to be adopted by the Government to create an enabling environment for transport sector development. A sector road map will be prepared at the end of the study.

12. The study will adopt a participatory approach and undertake extensive consultations with relevant stakeholders. Close coordination will be maintained with the World Bank, EBRD, JBIC, and other development partners. Two workshops (one at inception and one after the interim report) and a seminar (after the draft final report) will be undertaken to discuss and disseminate the study's findings. At the end of the study, the final report will be published in Russian and English.

³ ADB. 1997. *Technical Assistance to the Republic of Uzbekistan for Railway Development Project*. Manila; ADB. 1998. *Technical Assistance to the Republic of Uzbekistan for Institutional Strengthening and Policy Support to the Road Sector*. Manila; ADB. 1998. *Technical Assistance to the Republic of Uzbekistan for Building Project Implementation Capacity of Uzbekistan Railways*. Manila; ADB. 1999. *Technical Assistance to the Republic of Uzbekistan for Railway Rehabilitation Project*. Manila; ADB. 2000. *Technical Assistance to the Republic of Uzbekistan for Facilitating Development of the Railway Sector*. Manila; ADB. 2002. *Technical Assistance to the Republic of Uzbekistan for Preparing the Third Railway Development Project*. Manila.

⁴ EBRD. 1999. *Railways Freight Traction Renewal and Management Project*. United Kingdom. and EBRD. 2001. *Locomotive Re-Powering Project*. United Kingdom.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

13. The objective of the TA is to assist the Government in preparing a transport sector strategy to improve sector efficiency in order to effectively meet the transportation needs of the domestic economy and international traffic. To achieve this objective, the TA will (i) undertake a detailed assessment of all modes of transport; (ii) identify strategic priorities and resources for sector development, and operational needs for the short, medium, and long term in line with government objectives; and (iii) help prepare short-term (2006–2010), medium-term (2011–2015), and long-term (2016–2020) plans and a sector road map, clearly prioritizing the actions to be taken for transport sector development in Uzbekistan. This strategy will serve as the Government's key document guiding policies and investment in the transport sector (2006–2020). The TA will support enterprise reforms and restructuring of transport enterprises, and assess opportunities for promoting good governance in operation and procedures to enhance efficiency and achieve financial self-sufficiency in a market environment. The TA will guide ADB assistance for lending and nonlending products and services in the transport sector.

B. Methodology and Key Activities

14. International consultants, supported by domestic consultants, will be engaged to help the Government prepare the transport strategy. The TA will be undertaken in close consultation with the Government, Uzbek Association of Transport and Transport Communication (UATTC), Uzbekistan Temir Yullari (UTY), Uzbekistan Havo Yullari (UHY), and other relevant agencies. It will consider all previous studies by the Government, ADB, other multilateral agencies, and bilateral agencies. The TA will involve analytical and innovative research, fieldwork, training, and stakeholder consultations with the Government, civil society, private sector, user groups, and international development partners.

15. Key TA activities will include (i) an analytical review of the status of the transport sector and preparation of a transport sector update; (ii) review of development plans for roads, railways, civil aviation, river transport, and urban transport; (iii) identification of long-term development needs, policy reforms, and regulatory requirements in line with the Government's development goals; (iv) extensive consultations with stakeholders, including two workshops (one to discuss the inception report and another to discuss the interim report) and a seminar (to discuss the draft strategy); (v) preparation of short-term (2006–2010), medium-term (2011–2015), and long-term (2016–2020) plans and a sector road map for transport sector development in Uzbekistan.

C. Cost and Financing

16. The total cost of the TA is estimated at \$765,000 equivalent, comprising a foreign exchange cost of \$451,000 and a local currency cost of \$314,000 equivalent. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan, to finance \$600,000 equivalent to cover the entire foreign exchange cost and \$149,000 equivalent of the local currency cost. The remaining local currency cost of \$165,000 equivalent will be provided by the Government, mainly in kind. Details of the cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

17. UATTC, the coordinating agency for Uzbekistan's transport agencies, will be the Executing Agency and will be responsible for supervising and monitoring TA activities. A steering committee—comprising representatives of relevant transport departments and chaired by the UATTC chairman—will be set up to oversee implementation, provide guidance and direction, and facilitate coordination and cooperation among the subsectors and stakeholders. The committee will include representatives of agencies responsible for planning and development of roads, railways, civil aviation, river, and urban transport. Representatives of the cabinet, customs, legal department, freight forwarders, and other relevant agencies will also attend the steering committee meetings to ensure that all information relevant to the subsector is readily available to the consultants. In addition, UATTC will appoint a project coordinator who will be responsible for coordinating and supervising the consultants' day-to-day work and serving as a liaison between the consultants and other relevant agencies.

18. The TA will require 39 person-months of consulting services, comprising 14 person-months of international and 25 person-months of domestic input to carry out the terms of reference (Appendix 3). ADB will select and engage consultants in accordance with its *Guidelines on Use of Consultants* and other arrangements satisfactory to ADB for the selection and engagement of domestic consultants. The quality- and cost-based selection method using simplified technical proposal procedures will be followed. The international consultants will have expertise in transport planning; transport economics; technical issues relating to road, rail, air, river and urban transport; institutional and legal issues; logistics; and multimodal transport development. The domestic consultants will have expertise in issues relating to roads, railways, civil aviation, river transport, urban transport, and logistics. The TA is expected to commence in December 2005 and be completed by September 2006. Procurement of equipment, supplies, and materials by consultants under the TA will follow ADB's *Guidelines for Procurement*. The equipment will be turned over to UATTC after TA completion.

19. To facilitate the work of the consultants and ensure that UATTC benefits from their experience, the consultants will work closely with counterpart staff from UATTC and representatives from the line agencies with relevant work experience. The Government has agreed that counterpart staff will be provided in a timely manner.

20. The consultants will submit an inception report within 3 weeks of starting work as well as brief monthly progress reports. The consultants will interact on a regular basis with relevant transport agencies and other interested government organizations concerning the techniques, analysis, and findings of the TA. The consultants will submit an interim report within 3 months and a draft final report within 6 months of starting work. The draft final report will be reviewed by the Government and ADB and the comments will be finalized at a final tripartite meeting (among the Government, UATTC, TA consultants, and ADB) to be held in Tashkent, Uzbekistan. The consultants will submit a final report within 3 weeks of receipt of comments from UATTC and ADB. Two workshops and one seminar will be organized to discuss the inception report, interim report, and draft final report at Tashkent. Comments from these meetings will be taken into account when finalizing the report. The final report will be published in Russian and English.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Uzbekistan for a Transport Sector Strategy (2006–2020), and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact Integrated development of the transport sector to improve efficiency and performance	Gross domestic product increased by 5% per year from 2006 to 2020. Freight and passenger traffic increased by 6% per year (average) from 2006 to 2020.	Government statistics	Assumptions <ul style="list-style-type: none"> Government implements transport strategy (2006–2020) Adequate resources provided for implementation Risk <ul style="list-style-type: none"> Government shifts priority from transport sector strategy
Outcome Transport sector strategy for Uzbekistan (2006–2020) prepared in line with the Government's vision and aspirations	Short-term (2006–2010), medium-term (2011–2015), long-term (2016–2020) plans and a sector road map prepared for transport sector development Strategic development priorities identified in the transport sector Recommendations developed for transport sector policy reforms Action plan specified for improving private sector participation in the transport sector development Resources identified for implementing transport strategy and public funding requirements reflected in the Government's medium-term fiscal framework	Technical assistance (TA) progress reports TA review mission reports Asian Development Bank (ADB) TA completion report Government's medium-term fiscal framework	Assumptions <ul style="list-style-type: none"> Government adopts transport strategy External aid agencies support transport strategy
Outputs <ol style="list-style-type: none"> Technical assessment completed Transport sector database is updated Identification and prioritization of long-term needs for transport infrastructure; and policy, institutional, and/or regulatory reforms Identification of roles of Government, state-owned enterprises, regulatory bodies, and private sector Sustainable measures to address sectoral and thematic issues Consultation with stakeholders and development partners Government-owned Transport Sector Strategy for Uzbekistan (2006–2020) 	Draft final report submitted to the Government and ADB by May 2006 Final report submitted to the Government and ADB by August 2006	TA progress reports TA review mission reports ADB TA completion report	Assumptions <ul style="list-style-type: none"> Support and active participation from various stakeholders during public consultations and preparation of the transport strategy Coordination among relevant government agencies during TA implementation

Activities with Milestones	Inputs
<p>1.1. Review the status of the transport sector (beginning at TA inception in December 2005 for 6 months), covering:</p> <ul style="list-style-type: none"> (i) role of transport sector in economic and social development; (ii) existing transport network, infrastructure, and services; (iii) transport demand (including freight and passenger traffic, and domestic and transit traffic) and modal shares; (iv) transport policies, legislation, and regulations; (v) transport financing and financial management capacity; (vi) opportunities for the private sector; (vii) institutional structure and human resource capacity; (viii) privatization of state-owned enterprises; (ix) cross-border transport agreements; (x) existing sectoral studies and reports; (xi) government development plans in all subsectors; and (xii) role of other development partners. <p>1.2. Examine issues related to rural, urban, and intercity transport in the context of national transport development (December 2005–May 2006).</p> <p>1.3. Examine regional corridors with neighboring countries as well as the development of the east-west and north-south international corridors in the context of regional transport (December 2005–May 2006).</p> <p>1.4. Identify long-term challenges in the transport sector and assess the Government's response (December 2005–May 2006).</p> <p>1.5. Review impact of sectoral and thematic issues and recommend measures to address these issues (December 2005–May 2006).</p> <p>2.1. Conduct two consultative workshops with stakeholders (January 2006 and March 2006) and one seminar (June 2006).</p> <p>2.2. Prepare short-term (2006–2010), medium-term (2011–2015), and long-term (2016–2020) plans, and a sector road map, clearly prioritizing actions to be taken for transport sector development in Uzbekistan (December 2005–July 2006).</p>	<ul style="list-style-type: none"> • ADB: \$600,000 • 14 person-months of international and 25 person-months of domestic consulting services • Government: \$165,000

Source: Asian Development Bank estimates.

COST ESTIMATES AND FINANCING PLAN
(\$ '000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	340.0	0.0	340.0
ii. Domestic Consultants	0.0	90.0	90.0
b. International and Local Travel ^b	25.0	28.0	53.0
c. Reports and Communications, Seminars	25.0	10.0	35.0
2. Equipment ^c	15.0	0.0	15.0
3. Surveys	0.0	2.0	2.0
4. Miscellaneous Administration and Support Costs ^d	0.0	7.0	7.0
5. Representative for Contract Negotiations ^e	8.0	0.0	8.0
6. Contingencies	38.0	12.0	50.0
Subtotal (A)	451.0	149.0	600.0
B. Government Financing			
1. Study Coordination	0.0	15.0	15.0
2. Office Accommodation and Transport	0.0	60.0	60.0
3. Remuneration and Per Diem of Counterpart Staff	0.0	48.0	48.0
4. Preparation and Provision of Information	0.0	12.0	12.0
5. Others	0.0	30.0	30.0
Subtotal (B)	0.0	165.0	165.0
Total	451.0	314.0	765.0

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b Includes cost of vehicle hire.

^c Equipment includes computer, printer, and software needed for the study.

^d Includes cost of furniture.

^e Includes cost of travel and per diem for government observers invited by ADB for consultant contract negotiations at ADB headquarters in Manila, Philippines.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Introduction

1. A total of 39 person-months of consulting services (14 international and 25 domestic) will be provided through a consulting firm under the technical assistance (TA) to help the Government of Uzbekistan prepare the Uzbekistan Transport Sector Study (2006–2020). The consultants will be recruited according to Asian Development Bank (ADB) *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for selecting and engaging domestic consultants.

2. The international and domestic consultants will work closely with the Executing Agency—the Uzbek Association of Transport and Transport Communication (UATTC)—during the assignment. The international transport planner will serve as team leader and will be responsible for coordinating the work of the other consultants. An outline of the terms of reference for consultants is given below.

B. Terms of Reference

3. The tasks under the TA will include, but not necessarily be limited to, the following:
- (i) Conduct a comprehensive and analytical review of the current status of the transport sector¹ in Uzbekistan, and prepare an update based on the following:
 - (a) Role of the transport sector in the economic and social development of Uzbekistan and the region.
 - (b) Existing transport networks, infrastructure, and provision of services.
 - (c) Transport demand (including freight and passenger traffic, and domestic and regional transit traffic), including modal shares.
 - (d) Transport policies, legislation, and regulations.
 - (e) Transport financing and financial management capacity of the various transport entities.
 - (f) Opportunities for private sector involvement, including investments and partnerships.
 - (g) Institutional structure and human resource capacity in the transport sector.
 - (h) Cross-border transport agreements.
 - (i) Existing sectoral reports and studies.
 - (j) Existing (or draft) government plans for development of railways, roads, civil aviation, river transport, and urban transport.
 - (ii) Evaluate choices to be made with respect to the mode of transport and the technology that will be used, based on economic analyses of alternatives and their relative economic benefits.
 - (iii) Review the enterprise reform and restructuring of transport enterprises. Conduct a comprehensive review of labor restructuring, labor contracts and pension liabilities, and retraining programs—in close consultation with stakeholders.
 - (iv) Identify the long-term challenges for the transport sector, taking into account the global and regional context, and geographic and demographic features.

¹ The transport sector covers roads, railways, civil aviation, river, and urban transport.

- (v) Review government initiatives and prepare recommendations for (a) privatization of state-owned enterprises (SOEs), (b) separation of regulatory functions from commercial operations, (c) development of regulatory frameworks for private sector participation in the transport sector, and (d) provision of an enabling environment for private sector financing of infrastructure projects.
- (vi) Review the impact of sectoral and thematic issues affecting the transport sector, including institutional, operation and maintenance, design standards, overloading, safety and security, governance, environment, social aspects, and health. Identify ongoing activities in these areas and prepare recommendations to address these issues in the long term.
- (vii) Examine the impact of transport sector development on poverty reduction clearly establishing the link between them, and recommend measures to enhance the impact.
- (viii) Examine issues related to rural, urban, and intercity transport in the context of the national transport development.
- (ix) Examine regional corridors with neighboring countries as well as the development of the east-west and north-south international corridors, in the context of regional transport.
- (x) Examine the complementarity of the different modes of transport and recommend suitable measures for improving their coordination.
- (xi) Recommend measures to enhance multimodal transport development in the country. Advise the Government on establishing an international logistic center(s) to facilitate international and transit traffic, promote international trade, and improve movement of vehicles and goods in accordance with international practices.
- (xii) Conduct a strengths, weaknesses, opportunities, and threats (SWOT) analysis for each mode. Based on lessons learned and international experience in similar economies, prepare an investment plan and recommend the policy, institutional, reform, legal, and other facilitating measures to be adopted by the Government to create an enabling environment for transport sector development.
- (xiii) Develop a sector road map, clearly prioritizing actions to be taken in the short, medium, and long term for transport sector development.
- (xiv) Recommend appropriate measures to improve human resource capacity in the transport sector. Identify UATTC's capacity building needs, and undertake/arrange selected training as appropriate. Assist in developing UATTC's capacity for preparing transport sector development plans. Recommendations will also include development of the domestic consulting and contracting industry to meet the sector's future development needs.
- (xv) Prepare recommendations for transport financing and financial management capacity analysis of the transport sector, including (a) assessment of financial requirements for capital expenditure and operations and maintenance, (b) indication of structure and financing models for projects with public-private partnerships, (c) recommendation of alternatives for setting up financially viable and sustainable subcomponents, (d) preliminary affordability analysis, (e) financial management assessment of potential executing and implementing

agencies, and (f) recommendations for improving financial management and governance.

- (xvi) Adopt participatory approach while preparing the study and carry out extensive consultations with relevant stakeholders. Organize at least two consultative workshops to be attended by representatives of government, transport agencies, transport operators, consumers, nongovernment organizations, private sector, and international development partners. The first workshop will be held in the initial period of services to seek stakeholder views and suggestions, and the second to discuss the interim transport strategy prepared by the consultants.
- (xvii) Prepare a short-term (2006-2010), medium-term (2011–2015), and long-term (2016–2020) transport sector development plan for Uzbekistan, based on the sector review and stakeholder consultations. This plan should (a) identify the best ways to respond to future sector challenges; (b) set the sector's strategic agenda and development priorities; (c) recommend necessary reforms in transport policies, regulations, and organizational structures; (d) recommend actions for privatization of SOEs, and encouraging private sector participation; (e) develop criteria for selecting public investment projects in the sector; (f) propose a time-bound program of action (including prioritizing the investments and reform actions); and (g) specify the resources required for implementing the strategy.
- (xviii) Undertake two workshops (one at inception and another after the interim report) and a seminar (after the draft final report) to discuss and disseminate the study's findings.
- (xix) Publish the final report in Russian and English at the end of the study.

C. Reporting Requirements

4. The consultants will be required to submit to the Government and ADB (i) an inception report within 3 weeks of project start, (ii) an interim report within 3 months, (iii) the draft final report (including appendixes) within 6 months, and (iv) the final report within 3 weeks of receipt of comments on the draft final report. The consultants will also be required to submit brief monthly progress reports to the Government and ADB.

5. All reports and the transport strategy will be delivered in a format and substance satisfactory to the Government and ADB. Six copies (three each in English and Russian) will be provided to the UATTC and three copies (in English) to ADB. An executive summary of the report (not more than 50 pages) will be prepared and submitted with the final report. An electronic copy of the final report and the executive summary (in Microsoft Word, Microsoft Excel format, and CD-ROM) will be submitted to the Executing Agency (in English and Russian) and ADB (in English). The final report will be published in Russian and English.